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EDITORIAL

THIS new Socialist Quarterly is being published under the auspices of the New Fabian Research Bureau. It is hoped that it will benefit active members of the Labour Movement by striking an original note. This we are attempting to do in three ways.

Firstly we wish to provide the Socialist who is not a specialist with useful and reliable figures, mostly of an official character, concerning trade and price movements, money and debts, and employment and wages in a form in which they are easily available for reference. To obtain this material it has previously been necessary to have access to a number of statistical journals which are not normally taken by the layman. It is hoped that these figures and the explanatory articles accompanying them will serve as a useful guide to what is happening in the world. Reviews are also provided of the international political scene and of tariff changes and trade treaties during the quarter. It will be found that these greatly help to clarify the events of the recent past.

Secondly, the *Quarterly* is to be used for the publication of a number of short research articles. These will be of a different type from those we issue as pamphlets.

They will usually be of a topical character and will deal with questions of immediate importance. In this number appear articles by G. T. Garratt on *The Control of Agricultural Imports* and by H. L. Beales on *The Politics of Oil*. Both of these provide valuable information and discuss questions of great interest.

Finally, the *Quarterly* is to serve as a vehicle for providing detailed information about the work of the Bureau for the benefit of members and others interested. In this number will be found an account of the subjects on which research is now in progress, some notes on our publications, a list of the principal unpublished memoranda which are available for consultation in the office, and a description of the conferences and other activities organised by the Bureau.

It must not be taken that all the views expressed by individual authors in this or any subsequent number of the *Quarterly* are necessarily those of the New Fabian Research Bureau.

Readers are asked to send any suggestions they wish to make concerning the *Quarterly* to the *General Secretary, John Parker, 17 John Street, London, W.C.1.*

DIARY

PRINCIPAL EVENTS

December 1933—February 1934

December 1 *Germany*—National Socialist Party made a statutory corporation with its own right of jurisdiction over its members.

5 Pan-American Conference at Montevideo.

Spain—General Election, final results (results of previous election in brackets): Right Parties 207 (42), Centre 167 (136), Left 99 (291) including 58 Socialists and 1 Communist.

Great Britain—Publication of Irish-English dispatches: De Valera's question asking what England would do if the Free State declared itself a Republic. Thomas refused to answer a hypothetical question.

6 *Italy*—Fascist Grand Council. Radical reform of League of Nations or Italian withdrawal.

7 *Newfoundland*—Royal Commission report approved by Commons.

8 *France*—Statement by Paul-Boncour expressing disapproval of Italian plans for League. This disapproval soon seconded by Poland, Scandinavian countries and Little Entente.

10 *Yugoslavia*—King and Queen of Bulgaria pay Royal visit.

Ireland—Young Irish Movement banned. Cronin arrested.

14 Irish Blue Shirts dissolved. League of Youth formed by O'Duffy.

15 War Debts. British token payment to U.S. of \$7,500,000.

16 *Spain*—Right Coalition Cabinet under Leroux.

17 *Ireland*—O'Duffy arrested.

19 Chaco Dispute. Armistice declared between Bolivia and Paraguay.

20 Imported cattle: Irish and Canadian restriction.

21 *U.S.A.*—Announcement of President Roosevelt's silver policy: ratification of the London Silver Agreement and Government's silver purchase policy.

23 *Germany*—Reichstag Fire Trial verdict.

28 *U.S.S.R.*—Stalin and Molotov warn Japan that invasion will not be tolerated.

29 *Rumania*—Prime Minister, Dr Ducca, assassinated by student member of Fascist Iron Guard. Martial law declared.

January 1 French surtax of 15% on British goods removed.

2 French tax on imported coal increased and import quotas applied to 100 new articles.

3 *U.S.A.*—Congress opens. Roosevelt message. *France*—Bayonne (Stavisky) fraud discovered. Indo-Japanese trade agreement signed.

8 British-American Liquor-Pork quota announced. French quotas on U.S. imports restored.

9 Chaco war resumed.

France—M. Daladier, Minister of Labour, resigns because of implication in Bayonne scandal.

10 *Rumania*—Cabinet formed by M. Tătărescu. M. Titulescu resumes place at Foreign Office. Many Court officials go.

Germany—Van der Lubbe executed

11 French quotas on British imports restored. Franco-Soviet trade agreement.

January 14 *Spain*—Catalan municipal elections. Left victory.

15 *U.S.A.*—Roosevelt "Gold" message. Asks Congress for power to devalue dollar 50-60%.

18 *Cuba*—President San Martin resigns and Dr. Hevia, Nationalist, becomes President: forced to resign almost immediately.

Austria—Protest against German interference in Austrian affairs.

19 France denounces Franco-German trade treaty.

20 League of Nations. Commission appointed to study Saar plebiscite.

23 *Cuba*—U.S. officially recognises government headed by President Carlos Mendieta.

27 German-Polish non-aggression pact.

28 *France*—Chautemps ministry resigns as a result of Stavisky scandals.

28 *France*—Daladier forms ministry.

February 1 *U.S.A.*—Dollar fixed at 59.06 cents. *Disarmament*—British Disarmament plan published.

2 *Disarmament*—Publication of French note sent to Germany on January 1.

3 *Germany-Austria*—German reply to Austrian Note.

5 *Disarmament*—Publication of German reply to French Note.

Austria—Cabinet authorised Chancellor to bring Austrian-German dispute before League.

5-6 *France*—Riots in Paris by Royalists and Communists against Daladier government.

7 *France*—Daladier resigns, to avoid bloodshed. Doumergue accepts Premiership.

8 *Austria*—Police raid offices of Arbeiter-Zeitung, central organ of Austrian Socialist Party.

9 *France*—Doumergue: National Cabinet of the Right announced. Balkan Pacts signed in Athens.

10 *Austria*—Baron Fey deprived Mayor of Vienna of police powers.

12 *Austria*—Police raid Socialist headquarters at Linz. Fighting breaks out there and spreads to Vienna and through country. Socialist Party banned. *Great Britain*—20% increase on duties on French goods.

13-15 *Austria*—Fighting continues. Trade Unions dissolved.

14 *Great Britain*—Japan cotton talks open. *Czechoslovakia*—Crown depreciated 16.66%.

16 Anglo-Russian trade agreement signed. *Germany*—Foreign debts: new stand-still agreement.

17 *Austria*—Great Britain, France and Italy: joint statement that they recognise Austria's right to demand that there should be no interference with her internal affairs.

18 *Belgium*—King killed in mountaineering accident.

21 *Italy*—Signor Savich visits Hungary.

26 *Italy*—Signor Savich visits Vienna.

27 *Italy*—Simultaneous visit of General Gömbös and Dollfuss to Rome announced for middle of March.

BRITISH & WORLD TRADE & PRODUCTION

TABLE 1

General Index Numbers of Industrial Production	Average 1927-9	FOURTH QUARTER OF YEAR			
		1930	1931	1932	1933
Britain ...	100	90.0	87.8	85.2	95.9 (est)
U.S.A. ...	100	76.8	65.5	58.7	67.7
Germany ...	100	83.5	65.4	61.5	71.4
France ...	100	106.0	91.2	77.1	85.4
Japan ...	100	—	107.9	116.9	136.5
Russia ...	100	190	210	212	223

TABLE 1A

Agricultural Production: World Quantities	Average 1927-9	FOURTH QUARTER OF YEAR		
		1930	1931	1932
Food (Cereals, meat, wine, coffee, tea, cocoa, hops) ...	100	101	100	101
Materials (textile fibres, oil seeds, wood-pulp, rubber, tobacco) ...	100	102	102	92

Agricultural Production at 1930 prices (Mill \$)

U.S.A. and Canada ...	9730	9240	9710	9360
Russia ...	4350	4520	4460	4210
Rest of Europe ...	10460	10440	10540	11150
Asia ...	7780	8300	7890	7750

World ... 37940 38240 38290 37930

TABLE 2

Textile Production	Average 1927-9	FOURTH QUARTER OF YEAR			
		1930	1931	1932	1933
Britain ...	100	75.7	91.7	86.2	88.9 (3rd qt)
U.S.A. ...	100	81.5	80.6	84.1	80.5
Germany ...	100	84.7	88.0	87.4	95.7
France ...	100	91.1	65.6	73.9	81.4
Japan (cotton) ...	100	—	104.5	110.2	127.9

TABLE 3

Engineering Activity					
Britain (based on employment)	100	92.1	85.5	82.1	89.3
U.S.A. ...	100	79.3	45.5	8.3	22.4
Germany ...	100	76.7	54.9	40.3	—
France ...	100	107.1	90.5	69.2	79.5

TABLE 4

Building					
Britain (value of plans passed) ...	100	109.2	80.7	114.2	130.0
U.S.A. (contracts awarded) ...	100	53.0	32.8	22.0	39.8
Germany (houses completed) ...	100	83.0	57.1	36.9	49.8

TABLE 5

Retail Sales					
	(Base 1929)				
Britain : Food ...	100	97.1	91.1	90.2	91.1
All other goods ...	100	97.6	88.3	88.8	93.0
U.S.A. (Department stores) ...	100	88.2	75.0	57.6	61.0
Germany ...	100	86.5	72.6	61.9	—

TABLE 6

Foreign Trade: Retained Imports	Average 1928-9	FOURTH QUARTER		
		1931	1932	1933
Britain (£ million) ...	273	225	171	176
Britain (million gold dollars) ...	1333	826	568	567
U.S.A. ...	1052	474	311	267
Germany ...	817	343	289	256
France ...	547	347	300	267
Japan ...	249	122	79	105
World ...	8067	4238	3280	3061

TABLE 7

Foreign Trade: Exports	Britain (£ million)	FOURTH QUARTER		
		1931	1932	1933
Britain (£ million)	182	97	94	99
Britain (million gold dollars) ...	883	354	311	318
U.S.A. ...	1273	572	416	365
Germany ...	754	542	344	302
France ...	500	276	201	194
Japan ...	233	118	99	86
World ...	7383	3936	3148	2973

The year 1933 was a year of considerable increases in industrial production throughout the world. Only in Belgium and Czechoslovakia has no increase so far been shown, and even in these countries the previous decline has been arrested. The extent of the rise in industrial production between the fourth quarter of 1932 and the fourth quarter of 1933 is shown in Table 1.

For Britain, the Board of Trade index number of production for the fourth quarter of 1933 is not available at the time of going to press. The information, however, is largely obtainable elsewhere, and it is clear that it will show a considerable rise over the figure for the corresponding quarter of the previous year. We must take into account the factor that the fourth quarter of 1933 had 1½ less working days than the fourth quarter of 1932.

The index figures of industrial production for all the different countries show a close resemblance in their movements. For all countries, except Russia and Japan, the upward turn came at exactly the same time, in the autumn of 1932. In U.S.A. a slow but appreciable industrial recovery was taking place before President Roosevelt came into office.

France, which is generally supposed to be still in difficulties, has in fact shown a rapid industrial recovery during the year. At the beginning of 1934 France is, probably, in the same position as America was at the beginning of 1933—with her industrial difficulties beginning to lighten, but the worst of her financial troubles yet to come. If this is so, then a *de jure* or *de facto* devaluation of the currency is likely. It is not generally realised that the export trades represent a far bigger proportion of output in France than they do in America, and in fact represent as big a percentage of the national income in France as they do in England. It is, of course, the exporting industries in any country which stand to gain by devaluation of currency.

It is clear from Table 1 that Britain suffered the least of all industrial countries from the depression; again excepting Russia and Japan, which countries

apparently did not hear of the world slump. Next after Britain came Sweden, and then France, while the industrial depression was felt worst in Germany, U.S.A., and the smaller industrial countries, such as Belgium and Poland.

In Russia, the principal feature was the tremendous rise in output between 1928 and 1931, under the influence of the first Five Year Plan. Since then the rate of increase has greatly slackened, but there has been no actual decline.

Table 1A shows the quantity of world agricultural production up to 1932. The surprising feature is that this has scarcely shown a fall during the period of industrial slump. The fundamental explanation of this is that in one way or another the industrial producers of the world have been able to restrict their output, and so to some extent keep up prices: while the bulk of the world's agricultural output is produced by small individual producers. Such as these, in most countries of the world, have no way of withholding supplies from the market, and indeed in order to meet their urgent debts have to work longer and harder than they did before, and produce more. On top of this, the European countries which used to be the chief markets for agricultural produce, are taking steps to increase their domestic agricultural production with a complete disregard of the primary producers in other parts of the world. The result is that agricultural prices in the world market have fallen to a far lower level than the prices of industrial produce, in fact the agricultural producers of the tropics, Australia and the Western States of the U.S.A. and Canada, are being seriously exploited by the industrial States of Europe and of North America.

Figures of agricultural production for 1933 are not yet available. The world stocks of the principal agricultural products have, however, shown a slight fall in 1933—the first for a number of years. This appears to indicate that some restriction of agricultural output is now taking place.

Table 2 shows production figures for the Textile industries. It must be remembered that in almost every country in the world, textiles were depressed in the years 1925-29 at a time when other industries were showing expansion or prosperity. This perhaps accounts for the fact that textiles have generally shown a smaller fall than other industries during the last few years. It is interesting to notice that even in Japan and Russia the output of textiles has been increasing at a slower rate than the output of other goods. This may be taken as a sign that the world is beginning to approach saturation of demand for textile goods.

In Britain, textiles were the first, and indeed the only industry to enjoy a considerable revival in 1931 as a result of the abandonment of the gold standard.

We must next turn to the figures for the constructional industries, building and engineering (Tables 3 and 4.) The importance of these two industries is often not fully realised. They represent almost the only possible channel for the investment of new capital. By far the largest part of capital investment in any country must take the form of buildings and machinery. Output under these heads must cover depreciation and obsolescence of old capital as well as the investment of new capital.

In this light we must examine the significance of

the tremendous falls in the constructional industries in Germany and America. These figures mean that in 1932, investment of new capital in these countries had practically stopped, and such savings as were being made were being swallowed up in meeting losses and the cost of maintaining the unemployed. In fact in America the output of buildings and machinery was not nearly enough to cover depreciation requirements, and probably this was also the case in Germany. Both countries have shown a considerable recovery since 1932, in Germany due to private enterprise, in America due to both public and private enterprise, but they still have a very long way to go before capital investment is anything like normal.

In France the decline has not been nearly so severe, while in Britain it has been less still. This is causally related to the fact that general industrial production showed less decline in Britain and France. A decline in the constructional industries will generally spread itself, by indirect effects, over the whole of industry: similarly, a recovery in the constructional industries should mean an improvement all round in production and employment, possible in a magnified degree.

In Britain alone building has been going strong all through the depression, except for a temporary decline at the end of 1931 when we were having our National Emergency. The amount of building now in progress is a record for all time. A steadily increasing proportion of this has been private enterprise building, thanks to the deliberate wrecking of municipal activities by the Ministry of Health.

Finally we may examine the available information on retail sales (Table 5). In all countries these have shown a less violent fluctuation than production figures, although in America they fell to a comparatively low level. The latest American figures (December figures for chain stores) show a rise in retail sales of 17% above the low point of March, 1933. Retail prices during the same period only rose 7%, so it is clear that there has been quite a substantial improvement in real standards of living in U.S.A., though it falls short of what was hoped for.

In Germany there has been very little rise in retail sales in the past year, in spite of higher prices.

In Britain the full figures for the period bring out the interesting fact that until the Labour Government went out of office there was very little decline in the money value of retail sales, and an actual increase in the 'real' value of consumption, in spite of high unemployment. This was owing to the Government's policy of generous payments to the unemployed, which kept up the purchasing power of the people. After September, 1931, the effect of governmental and private cuts and economies was to cause a big fall in retail sales, which have only just begun to recover.

International trade as yet only shows the faintest signs of recovery, even when measured in terms of depreciated national currencies and not in gold (see Tables 6 and 7). The four major countries shown are much the biggest international trading countries, with Japan occupying the fifth place, but a long way below France. Canada occupies the sixth place. It will be seen that, as compared with 1927-29, Japanese trade has suffered just as much in proportion as the trade of other countries.

These figures expressed in terms of a steadily appreciating gold unit, tend to give an exaggerated impression of decline. Measured in terms of goods instead of gold, world trade declined from 100 in 1929 to 73.6 in 1932. This is in less proportion than the decline in industrial production in many countries : the explanation is largely to be found in the exportation by the agricultural countries of comparatively larger quantities of produce at ruinously low prices (c.f. above) while there has been a big decline in the quantity of exports of manufactured goods. Thus, taking the quantity of exports of manufactures at 100 for 1929, the figure had fallen in 1932 to 61 for Britain and 59 for Germany.

C. G. CLARK.

MOVEMENT OF PRICES

WHOLESALE RICES

TABLE 8

Food	Average				FOURTH QUARTER 1933
	1927-9	1931	1932	1933	
Britain	...	100	75.8	70.8	69.1
U.S.A.	...	100	71.6	60.3	64.2
Germany	...	100	72.3	64.4	69.7
France	...	100	78.8	74.1	69.9

TABLE 8

TABLE 3
Raw and Semi-Manufactured Goods

Raw and Semi-manufactured Goods					
Britain	...	100	72.9	60.9	63.7
U.S.A. : Raw Materials		100	62.3	54.7	63.1
.. Semi-manufactured		(1928-9)			
goods	...	100	66.0	60.3	72.8
		(1928-9)			
Germany	...	100	74.0	66.0	67.0
France	...	100	57.2	53.0	54.8

TABLE 10

TABLE IV
Finished Manufacture

Finished Manufactures						
Britain (index of export prices)	..	100	81.0	77.6	77.7	
Germany: Production Gds.		100	95.6	86.2	84.2	
" Consumption "		100	79.9	67.0	67.3	
" Total "	..	100	85.3	74.0	73.3	
U.S.A.	..	100	77.2	71.8	78.0	
		(1928-0)				

TABLE 11

Cast of Living

Cost of Living		100	88.9	86.0	85.7
Britain	...	100	88.9	86.0	85.7
U.S.A.	...	100	83.1	74.9	77.0
Germany	...	100	87.0	78.0	80.1
France	...	100	101.8	97.4	99.2

The general level of wholesale prices in the United Kingdom, as measured by the Board of Trade index number, appears to be moving definitely upward after fluctuating about a low level for nearly two years. The index for January, 68.0% of the 1924 level and 4½% higher than in January, 1933, is the highest monthly figure since March, 1932. The index number, however, conceals interesting movements in individual commodities. In general it may be said that while the prices of foodstuffs fell until last April and have shown no clear signs of recovery, the prices of industrial materials reached their lowest level by the middle of 1932 and have shown an upward trend ever since. Even this statement takes no account of the divergent movements of different commodities. In the "Materials" group, coal and "miscellaneous materials" (chemicals, paper, petroleum, rubber and building materials) have shown a sharp upward trend since June, 1932; iron and steel only a slight rise.

Non-ferrous metals have moved somewhat erratically. When seasonal changes are ignored, the price of cotton seems to be tending slightly upward, while wool prices have risen by 50% in the last eight months, being now back at the level of nearly four years ago. There are, however, indications in the latest figures available of a relapse of wool prices. "Other textiles" continue to show a downward trend. In the "Foodstuffs" group, cereals reached a minimum early in 1931, rose 20% when England went off the gold standard, and, under the influence of falling world prices, fell again until the spring of last year, since when they have shown no definite signs of movement. Meat prices have been rising sharply since last July, while "other foods" have shown no clear indication of a rise.

The Ministry of Labour's index number of the cost of maintaining unchanged a pre-war working-class standard of living has been practically stable at 80% of the 1924 level for over a year, such movements as there have been being seasonal in character. The retail prices of the foods included in the cost of living index have shown a very slight upward tendency.

The rise during the greater part of the past year in the general level of wholesale prices has been shared by most of the important Western countries except Italy, but it must be remembered that many of these prices are measured in currencies which are only nominally, or not even nominally, linked to gold. In the U.S.A. wholesale prices in terms of dollars rose sharply after the abandonment of the gold standard by that country early last year, and are now about 20% above their lowest point. Expressed in terms of gold dollars, however, the fall in U.S. wholesale prices, which began in 1929, has continued almost uninterruptedly. During the last three or four months, on the other hand, English wholesale prices have been rising even in terms of gold. French and German wholesale prices have been rising since the early part of last year.

Reviewing the course of prices in several important countries, it appears that wholesale prices expressed in terms of gold have not yet exhausted the sharp downward movement which began in 1929, though in some countries the upward tide has begun to set in under the influence of tariffs, import restrictions of various kinds, and other price-raising schemes. Wholesale prices in terms of the respective national currencies have shown, on the other hand, a general though not universal upward tendency during the last twelve months, in several cases as a result of currency depreciation.

F. BROWN.

MONEY AND DEBTS

Bank Rates	FOURTH QUARTER		
	1931	1932	1933
Britain	6	2	2
U.S.A.	3.5	2.5	2

TABLE 13			Average			FOURTH QUARTER		
Exchange	Depreciation	1927-9	1931	1932	1933			
Britain	...	0	24.9	31.8	34.0			
U.S.A.			0	0	0			

TABLE 14

Bank Deposit—Current	Average 1927-9	FOURTH QUARTER		
		1931	1932	1933
Britain	100	85.7	95.4	100.4
U.S.A.	100	94.8	85.7	82.4 (2mths)
Germany	100 (1928-9)	93.0 (2 mths.)	82.9 (2 mths.)	(No Ret'ns)
France	100	118.0	116.8	—

TABLE 15

Bank Deposit—Time	1927-9	1931	1932	1933
Britain	100	105.7	120.0	115.6
U.S.A.	100	91.0	80.9	70.0 (2mths)
Germany	100 (1928-9)	55.8 (2 mths.)	57.0 (2 mths.)	(No Ret'ns)
France	100	157.7	157.7	—

TABLE 16

Value of Stock Exchange Securities	1927-9	1931	1932	1933
Britain	100	64.4	67.2	84.3
U.S.A.	100	40.3	29.8	50.1
Germany	100	No Ret'ns	43.0	47.8
France	100	57.8	58.9	56.3
Japan	100 (Jan. 1930)	70.2	130.3	209.0

TABLE 17

Interest Rate on Government Bonds	1927-9	1931	1932	1933
Britain (2½% Consols)	4.54	4.55	3.38	—
U.S.A. (Treasury Bonds)	3.52	3.77	3.52	—
Germany (Reichsbank Index)	7.84	11.66	8.05	—
France (3% Rentes)	4.59	3.67	3.83	—

The most important single influence in the year 1933 was the departure of the United States from the gold standard in mid-April. Since then the dollar would appear to have been continuously undervalued in terms of gold, at first because of the flight of American capital in anticipation of inflation, and later through the President's gold-buying policy. The effect of this undervaluation has been further to depress gold prices, and it has led to high rates of interest, deeper depression, and additional import restrictions among the countries of the gold bloc (France, Belgium, Italy, Switzerland, Holland and Poland). Nor has the American gold-buying policy been successful in raising dollar prices, for the Bureau of Labour wholesale index is only fractionally above the level of last October. Among the other non-gold countries, however, the President's gold policy has not prevented a continuance of the recovery which set in during the second half of 1932. In Britain the wholesale index stands higher than it has done since the middle of 1931; while the Cost of Living index has also turned upwards, seasonally, though if the seasonal variation is removed, this index has really remained practically stationary for the past 18 months. All series for bank clearings (perhaps the most important single source of information about the state of trade) are higher than they have been for about two years.

Thus, the total of Metropolitan, County and Provincial Bank daily clearings, which averaged £21,400,000 in 1929 and £20,000,000 in 1930, falling to £18,300,000 in 1931 and £17,900,000 in 1932, rose to £18,500,000 for 1933, and to £19,300,000 during the last quarter of 1933, as compared with £18,200,000 for the corresponding quarter of 1932. In Great Britain, current accounts at the banks were substantially higher in the last quarter of 1933 than in the two previous years, and reached about the same level as in 1927-9, as against a sharp fall in the United States, where the position was affected by the closing of a number of banks, and the special measures taken

during the bank crisis of the early months of 1933. There was a sharp rise in British stock market values, accompanied by a fall in long-term interest rates, measured by the yield on Government bonds.

If we leave out of account the gold countries (which are still committed to a policy of deflation), it seems reasonable to conclude that the deepest point of the present depression was touched in the summer of 1932, and that the position throughout the world has been improving slowly, but more or less continuously, ever since. Though Roosevelt seems to have achieved something approaching a revolution in labour conditions, the improvement in American trade does not appear so far to have been appreciably greater than that elsewhere, again excepting the gold countries. It is too early yet to predict another boom of the kind which culminated in the United States in 1929, though the state of the American budget, and the extreme liquidity of the banking system, suggest that a dangerous situation may develop there before long.

Recent calculations suggest that sterling has for some time been overvalued in terms of the dollar, though it is probably still undervalued in terms of the franc. According to a careful calculation by the *Economist*, the equilibrium value of the £ would seem to have been in the region of \$4.00 last June and \$4.80 in October. Current quotations (February, 1934) have been around \$5.00. The operations of the exchange fund are shrouded in mystery, but while sterling must have been considerably undervalued in terms both of dollars and of francs up to the American departure from gold, it seems since then to have moved mid-way between gold and the dollar.

The international debt position is now so complicated that it is impossible to say much in a short summary. Of the six *League Loans* (Danzig, Estonia, Austria, Hungary, Bulgaria, and Greece—£80 m. gold in all) of only the first three (£38 m. gold) is the service still being fully met in foreign currency: and in the case of Austria (£38 m. of this £38 m.) only with the help of additional borrowing in the recent past. The last three countries have been persuaded (Greece only with some difficulty) to budget for the whole service, paying in local currency into blocked accounts, the future value of which it is difficult to judge. In general the services of the external *public debts* (central and local) of practically all the raw material countries are being paid only in part in foreign currency, and part in local currency which can not be sold, or can only be sold at a discount. Similarly in such countries foreign exchange restrictions prevent payments on external *private debts* in anything but local currency. The position in regard to Germany in particular is now as follows. The total external debt (short and long) has been reduced since the end of 1930 from about 26 milliard marks to about half that sum, while the short term debt (mostly covered since 1931 by the standstill agreements) included in this total has fallen during a like period from 8 to 2.6 milliard marks. The short term debt is mainly private, and the long term mainly public. The Dawes and Young loans are the only ones which are being met in foreign currency in full. The 1932 export surplus was just over a milliard marks, and the 1933 surplus should be about two-thirds of this amount.

H. BARGER.

EMPLOYMENT AND WAGES

TABLE

NUMBERS OF REGISTERED UNEMPLOYED (thousands)

PERCENTAGE UNEMPLOYED

Unemployment	1929	1932	1933	1929	1932	1933
	Average for Year	Average for 4th quarter	Average for 4th quarter	Average for Year	Average for 4th quarter	Average for 4th quarter
U.S.A. (estd.) ...	1,262	2,812	2,302	10.4	21.9	17.9
Germany ...	1,915	5,413	3,840	18.7	29.4	20.7
France (partial) ...	10	295	292	—	—	—
U.S.A. (estd.) ..	3,000*	12,000*	10,500*	12†	34†	28†

* American Federation of Labour Estimates.

† Not including partial unemployment, Trade Union returns.

TABLE 19

Employment Indices	YEARLY AVERAGES			1933 (last qtr.)
	1929	1932	1933	
Great Britain (1929 = 100) ...	100	91.7	94.8	97.5
Germany (Jan. 1925 = 100) ...	100	62.5	67.0*	70.0*
France (1930 = 100) ...	—	80.7	79.1	79.3
U.S.A. (1929 = 100) ...	100	61.7	64.6†	72.3†

* Estimated.

† To November.

TABLE 20

Money Wages (1928 = 100)	YEARLY AVERAGES			1933
	1929	1932	1933	
Great Britain (all occupations, weekly rates) ...	99.5	96	94.5 (end of year).	
Germany (all trades, hourly rates) ...	105	87	84 (June)*	
France (men only, manufacturing, daily rates)	100	103	102 (October)	
U.S.A. (industries, hourly earnings) ...	109	92	101 (November)	
U.S.A. (industries, weekly earnings) ...	107	64	70 (November)	

* There has been a further fall since June.

The figures of unemployment show, for the last quarter of 1933, in comparison with the corresponding quarter of 1932, a very large fall in Germany, a considerable fall in the United States, a substantial fall in Great Britain, and in France a very slight increase. But these figures cannot be taken simply at their face value. The British figures represent with approximate accuracy the real, but slow, improvement in the economic situation; and they are confirmed by the rise in the indices of employment and industrial production. The French figures, which are based on very incomplete returns—for the total number out of work in France is several times greater than the recorded number—probably under estimate the increase in unemployment, which has been aggravated by the handicap imposed on French exporters by the retention of the gold standard. The American Federation of Labour's estimates of unemployment are said by many authorities greatly to under estimate the total, which is sometimes put as much as four millions higher for the final quarter of 1933; and the American Trade Union percentages leave out partial unemployment, which is included in the British and German statistics, and also exclude workers in receipt of pay under the Civil Works programme, who numbered

over 4,000,000 in December, 1933. The German figures are the most difficult to interpret. They now (for 1933) exclude workers in Labour Camps; and there is known to have been a good deal of displacement of women workers who have since dropped out of the figures, and also of male workers now in concentration camps. Moreover, there has been some spreading of work over larger numbers by reductions of hours, accompanied by a fall in wages. There has been a real fall in German unemployment; but it is certainly not so great as the figures suggest. The employment index measures it better than the unemployment figures. In Great Britain employment remains bad in coal mining and cotton, as well as in shipbuilding and waterside transport. The improvement has been greatest in the building trades, but also substantial in wool and other manufacturing industries.

British money wages have been falling very slowly, whereas the cost of living is nearly stationary apart from seasonal variations, or has a very slight upward trend in recent months. British real wages are perhaps 18 per cent above those of 1929 for *full-time work*. German money wages on the other hand have fallen very sharply since 1929; and, while there are no reliable recent figures, the fall has undoubtedly been very rapid during the past year, whereas the cost of living has increased. French money wages have of late been nearly stationary, with a very slight tendency to fall, whereas the cost of living, after falling substantially from 1931, has in recent months a slight upward trend owing to protective measures. In the United States hourly earnings, after reaching a low point of 84 in June, 1933, have risen sharply under the influence of the N.R.A.; but there has been a substantial reduction in hours worked: therefore two sets of figures are given.

Caution should of course be used in comparing the figures given in this table, as they are not on a uniform basis. Thus, the weekly rates for Great Britain are not fully comparable with the hourly rates for Germany or the daily rates for France—much less with the U.S.A. figures. The statistics illustrate *trends*, and should not be used to compare absolute amounts of rise or fall.

G. D. H. COLE.

TARIFFS AND TRADE RELATIONS

The past six months have seen an increasing opposition in British industrial circles to the Most Favoured Nation Clause. This agitation has been based primarily on the increase of Japanese competition. Only if the clause is swept away, argue its opponents, will it be possible for Lancashire to control British colonial markets and to benefit to the full from trade agreements with overseas countries. Starting from the difficulties of the cotton trade, the movement has gained strength from the apparent impossibility of obtaining advantages in future trade treaties without its abrogation. The British Government has been prepared to evade the clause by the adoption of quotas, but it has hesitated in the interests of shipping before denouncing the clause in our commercial treaties and embarking on a wholesale system of bargaining to enable us to buy only from those countries which buy equally from us. The recent Russian trade agreement, however, has shown its desire to get an equal balance of trade whenever possible.

Apart from a treaty with U.S.A. for the enlargement of the British liquor quota to America in return for an enlarged bacon quota to this country, the Russian agreement is Runciman's only outstanding success since his treaty with Finland last summer. The state monopoly of Russian foreign trade permitted the complicated system of quotas to be dispensed with, while the fact that Russia exported more to this country than she imported from it enabled Runciman to drive a good bargain. His attempts to follow up his Scandinavian agreements by similar treaties with the Baltic states have not so far been a success. If Lithuania, Latvia or Estonia are to promise to take a large part of their coal requirements from Great Britain they will want a satisfactory return in the way of quotas for their agricultural exports. The operation of Elliot's marketing schemes and the pressure of the Dominions governments make it extraordinarily difficult for such a return to be given. The way in which Denmark has been treated over the bacon quota has made the Baltic states not unnaturally anxious that any agreements they sign should be water-tight. The negotiations for an agreement with Japan for a division of markets for cotton and rayon goods have also proved abortive so far.

The working of the existing Runciman trade treaties has not been altogether smooth. Apart from the difficulties already mentioned concerning the Danish bacon quota, which have led to the export of Danish pigs to Germany to be cured there and re-exported for the British market, trouble has also arisen concerning the fulfilment of the coal quota pledges given by Norway and Finland. At the end of the first three months from the coming into force of the Anglo-Norwegian agreement the share of the British coals imported had only amounted to 54% compared with the 70% which Norway was bound to take. This discrepancy seems to have been due to the lower price of Polish coal and the difficulty of satisfying all the requirements of Norwegian importers with such a great percentage of British coals. Finnish coal imports for the first two months of the agreement were also well below the quota, and the Finnish Government has been forced to ask Parliament for powers to prohibit the import of coal if necessary. Further difficulties have arisen owing to the fact that the enlargement of the Scandinavian market for British coal has led to increased competition in the Mediterranean from the displaced Polish coal. In contrast with these two agreements the German coal quota has worked fairly successfully and has risen steadily from the 180,000 metric tons minimum agreed upon to 216,000 last month. The Anglo-Argentine Trade Agreement included provisions for raising a £10,000,000 loan which would enable the Argentine Exchange Control Commission to modify its regulations and allow interest on British capital there invested to be sent out of the country. There is no sign yet of these provisions being fully carried out.

The British Government has threatened to use its powers for restricting imports to force other powers to remove unfair discrimination against British goods. Spain was thus persuaded to allow the import of British cars on the same terms as French, while Germany was led to treat all her creditors alike. Attempts to coerce France, however, have been less successful.

For a time British representations were followed by an increase in some of the quotas allotted to this country. Further restrictions were soon imposed as the French desire to contract imports strengthened. The British Government followed these up by an Import Duties (Foreign Discrimination) order in early February, which empowered them to impose an extra 20% customs duty on French goods. The French reply was a denunciation of the trade treaties between the two countries. The chance of a trade war with France and its possible effects on political relations aroused misgivings in both countries. Proposals have therefore been made for an armistice and for the negotiation of a new trade agreement between the two countries.

The past quarter has seen a continuation of the melancholy procession of resignations from the tariff truce, and a steady increase in trade restrictions. These have usually taken the form of tariffs, quotas and licences. The restrictions have been most pronounced in France, but have also been enforced in Norway, Sweden, Denmark, Finland, Latvia, Germany, Holland, Switzerland, Ireland, Spain, Portugal, Italy, Yugoslavia, Hungary, Greece, Turkey, Palestine, United States, Canada, Mexico, Venezuela, Uruguay, Brazil, South Africa, India and some of their colonies. The length of this list provides strong evidence of the world-wide character of economic nationalism.

In the case of South Africa and Canada these restrictions took the form of anti-dumping duties, in the first case against Japan and Poland, and in the second against the U.S.A. Fear of Japanese competition has led to an agitation outside Great Britain similar to that within its boundaries in favour of restricting Japanese imports. Apart from South Africa, India and Germany were the only countries actually to impose restrictions. Early in January the duties on non-British cotton fents entering India were increased from 25% to 75% ad valorem. That this change particularly affected the Japanese cotton trade was shown by the speed with which a trade agreement was concluded between the two countries. In the middle of the month a treaty was signed which provided, *inter alia*, that duties on Japanese cotton piece goods should be reduced to 50% ad valorem and that a quota should be allotted to Japanese cotton goods in relation to the Japanese purchase of Indian raw cotton. 325,000,000 yards of cotton piece goods were to be considered equivalent to 1,000,000 bales of raw cotton. Germany has practically prohibited the import of Japanese manufactures such as rayon. If, as is anticipated, negotiations break down, Japanese retaliation is certain to follow.

Other forms of trade restriction have been the compulsory marking of all foreign goods (Sweden), the reservation to the State of the right to place all dairy products on the market (Germany), and the regulation of the import, sale and manufacture of sugar (Jamaica). In certain cases control has been taken over exports. Italy, for example, has insisted that all wines exported must bear the national mark, while Norway has limited the right of exporting herrings to certain approved societies. The commercial treaty, between Turkey and Belgium has been denounced, and a tariff war has developed between Finland and Germany. This has led not merely to the imposition

of special duties on imports, but to the creation of a wide range of prohibitions on both sides.

Australia and Poland are the only powers which have carried out any widespread reduction of duties during the last quarter. Those of Poland are stated to be temporary in character. Australia has not only reduced tariffs, but has exempted a large number of goods from the sales tax, particularly those used by export industries. So far she appears to be almost the only country which has realised the necessity of reducing the costs of her export industries in this way if she is to compete in world markets. The fact that Poland has concluded successful trade agreements with Sweden, Denmark and Holland suggests that she too is doubting the wisdom of an excessive restriction of trade. These agreements seem to be the natural sequel of the British-Scandinavian agreements. They are, however, far less extensive. Germany has been making a big effort to find a satisfactory solution of her trade war with Poland and has concluded an agreement with Hungary by which a greatly enlarged quota is given to Hungarian agricultural products in return for reduced duties on German manufactures. She has also entered into new agreements with Switzerland and Holland concerning the import of dairy products into Germany.

The only departure of any importance from France's policy of increased restrictions in recent months has been her trade agreement with Russia. Under this treaty Russia agreed to take a large amount of manufactured goods from France in return for special tariff treatment of Soviet goods and an allotment of quotas on agricultural produce, fish, timber, china clay, coal, paper, etc. In these negotiations France was able to take full advantage of the break between Russia and Germany and of the difficulties between Russia and

Great Britain. Other trade agreements which have recently been made are those between Latvia and Lithuania, Greece and Turkey, New Zealand and Australia and New Zealand and Belgium. A treaty between Spain and Estonia has come into force, and one between Canada and New Zealand has been extended.

The recent trade agreements fall into three main groups. The first are agreements between neighbouring friendly countries removing petty restrictions, etc. (e.g., Latvia-Lithuania, Greece-Turkey), the second between countries some distance from one another whose products differ considerably (e.g. Spain-Estonia, Belgium-New Zealand), and the third between countries which are politically sympathetic (e.g., France-Russia, Germany-Hungary). In the last group the economic considerations also played a considerable part, but without political sympathy it is unlikely that these treaties would have been signed.

Despite the various trade agreements, comparatively little has yet been done to create direct links between industrial and agricultural countries either in the world as a whole or in Europe. Political rivalries appear to have destroyed all chance of a Danubian *Zollverein*. The agreement between Germany and Hungary suggests that the immediate future is likely to see individual great Powers linked up economically by treaties with particular small states. So far Italian attempts to obtain economic and political allies in south eastern Europe have not been very successful. It is of interest, however, that a growth of Polish-Italian trade is taking place, although no trade agreement has yet been concluded. Should this continue, there will be an added reason for German-Italian coolness.

JOHN PARKER.

THE INTERNATIONAL POLITICAL SCENE: A GENERAL SURVEY

GREAT BRITAIN

In the decade before 1914 Sir Edward Grey pursued a policy of Drift and a refusal of responsibility. This led inevitably to war. Sir John Simon has now adopted the same policy. If he or people with similar views continue to control the British Foreign Office a similar unfortunate result seems certain. It could at least be said in favour of Grey that the Foreign Office had had no previous experience of the situation it was called on to deal with in the years before 1914. Simon has no such excuse.

Simon has successfully alienated France and aroused her fears, without conciliating Germany. The weakness of British influence on the Continent has been increased by Simon's refusal to intercede for the democratic Austrian Socialists. In 1930 Henderson stated emphatically to the Austrian government that Great Britain would not countenance any attack on them. Vienna was therefore left alone. Four years later Simon's "irresponsibility" was directly responsible for the bloodshed which accompanied their suppression.

To cloak Simon's failure on Disarmament, Anthony Eden has recently been appointed Lord Privy Seal and placed in charge of this question. Mr Eden has since travelled widely and been given almost daily headlines in *The Times*, but he has accomplished

nothing. *The Times* spends much space in telling its readers how popular Mr Eden is in Berlin or Rome, and the gossip columns of the popular press blurb about the excellent cut of his trousers, but his vaunted charm is of no avail when he carries no concrete proposals with him.

Dissatisfaction with the Government's policy has invaded the ranks of its own supporters, and rumours of Simon's approaching transfer to another post have been rife. Cabinet changes, however, have been postponed, and it seems unlikely that there will be a new Foreign Secretary until the autumn.

FRANCE

In 1932 the Socialist party laid down the following conditions as a basis for continuing in the Chamber the co-operation with the Radicals which had applied during the second ballots in the election:

- (1) extensive reduction of military expenditure within the next two Budgets;
- (2) prohibition of all trade in arms and nationalisation of arms factories;
- (3) control of the banks and nationalisation of railways and insurance companies;
- (4) application of a 40-hours legal week without reduction of wages.

The Radical party refused to consider such conditions, although the election had shown the desire of the country for a Left Government. A Government was formed under M. Herriot, depending for support, however, on the Centre, and on the Socialists; not a stable position.

Nevertheless, until October, 1933, France seemed the calmest country in Europe; then the Daladier Government, which had been in power for nine months, was overthrown. The Socialists voted against the Government's budget proposal to cut the salaries of civil servants. Daladier was followed by Sarraut, who was quickly followed by Chautemps. Finally in December the Socialists agreed to the cuts proposed by Chautemps. By this time public indignation was running high. The Budget must be balanced, all agreed, and yet the Chamber, with its frequent changes of government, seemed to be only playing politics.

Like all countries suffering from depression, France was vaguely dissatisfied with the government and ready for a change. On October 14th Germany left the League, with impunity in regard to her relationships with Great Britain and Italy. France began to lose faith in the League and the principle of co-operation for international affairs, the keystone of the foreign policy of the Daladier government. Then fell the Stavisky bombshell. The Press of the Right immediately seized the opportunity to conduct a virulent campaign against the Chamber, demanding a return to authority in the form of a National Government. Some members of the Chautemps Government were implicated in the Stavisky scandal. This was enough for the Press to state that all Left politicians were crooks. The campaign bore fruit in nightly rioting by the Royalists outside the Chamber. Chautemps resigned, and Daladier formed a second government, which in turn precipitously resigned after the serious riots of February 6, when the Royalists fought the Communists and both in turn the police.

A National Government was formed as a result of these "Boulangist" riots, with the avowed purpose of balancing the Budget, dissolving the Chamber and revising the Constitution. Since the Right leaders have come into power with a comfortable majority, all talk of dissolution and revision has ceased. The National Government was answered by a 24-hour strike, a gesture which showed that Communists and Socialists could combine, as they are doing in Spain, in face of a united Right front. Nor can the National Government be sure of its majority for long. In April the Radical Congress meets, at which they will decide whether to continue their support of Domergue or to return to the principles of Radicalism and the Left-wing alliance.

SPAIN

With a Centre government uneasily straddling the abyss which divides the Right and Left, Spain is in a state once more of high tension. The Agrarians, the strongest party of the Right, under Gil Robles, announce their continued support of the Republic and the parliamentary régime, but are denounced by the Left as false converts, as monarchists converted only temporarily and for reasons of expediency. The Socialists, through the ex-ministers Caballero and Prieto, assert their intention to fight in defence of the

Republic and the reforms instituted by the late government. Now, in his first public utterance since resignation, the ex-Prime Minister, Azaña, has made the same assertion, and declared his willingness to dissolve his own party in order to lead a new revolution should the results of the old be attacked. In face of this formidable threat it is doubtful whether the elements of the Right will dare to imitate the German and Austrian experiments. Especially is this so when it is remembered that Catalonia, with its almost entirely independent government, is still dominated by the Left. On the other hand, while the Right forces are divided, the Syndicalists and Socialists have not yet come to complete agreement, although there are signs that they may be ready to do so immediately if convinced of a Fascist danger. Caballero has recently been negotiating with the Catalan Socialist leaders. Although a fusion of Catalan and Spanish Socialist parties has not been accomplished, the Workers' Alliance movement is to be intensified throughout Spain, and the formal entry into it of the Spanish Socialists and the labour unions, the U.G.T., an event dreaded by the Right, is shortly expected.

THE GERMAN-POLISH PACT

On February 24 the German-Polish Pact was ratified. This "Eastern Locarno," as it has been called, is a non-aggression pact for ten years. The principles laid down in the Kellogg Pact of 1928 are its basis. Both Governments state their intention to come to an understanding directly with each other in all questions affecting their relationship. If disputes incapable of composition through direct negotiations arise the two Governments would seek agreement in mutual understanding by other peaceful means, but in no circumstance would they proceed to the use of force for the purpose of settling such disputes. There are two significant provisions inserted at the insistence of Poland, the cause Poles claim for the time-lag between the joint announcement in November and the publication of the terms of the treaty on January 28, namely that the Pact does not apply to questions which by international law are to be regarded as the internal affairs of either state, nor does it prevent the signatory Powers from resorting, for the settlement of disputes, to the procedure provided for in other conventions to which they are parties. By these, Poland hopes to rule out the possibility of Germany demanding the settlement of the Corridor question by arbitration, and to safeguard her rights under the League Covenant.

This Pact is a reversal of the policy of both countries. Last May the Polish Minister as much as said to Hitler: "If you want war, we are ready." Germany was not ready for war, so Hitler made a conciliatory speech. Poland on her side has lost faith in France. She, as most of the small countries, disliked the Four Power Pact. The inability of either the League or the large Powers to protect Austria from German interference has taught Poland the lesson that she must take care of herself. She has signed a non-aggression pact with Russia, and with Russia has been fostering, though so far unsuccessfully, a Baltic security pact. The German Pact may only be a culmination of this new policy. Suspicions are, however, abroad that the pact is the disguise for a Corridor bargain. There have always been rumours about a

plan by which Poland would give Germany the "Corridor" in return for Lithuania or an outlet to the sea at Odessa. The chief guarantee against this plan is that it would prove suicidal for Poland. She would exchange Polish majorities in the Corridor for an increase to her Lithuanian or Ukrainian minorities, which are now one of her chief causes for internal instability.

Germany, in spite of her dreams of expansion, is not ready for war; ten years will not only give her time to make military preparations, but also to break up the French bloc. This treaty is intended to be a step in that direction.

AUSTRIA

The fight of the Austrian Socialists for freedom has struck the imagination of every nation which still respects individual liberties. It has irreparably damaged the prestige of the Dollfuss regime.

Since the suspension of the Austrian Parliament on March 7, 1933, the Socialists not only attempted to negotiate with Dollfuss, to settle the constitutional conflict, but also offered a large measure of support for the Chancellor in face of a common Nazi enemy. It was difficult for the Socialist leaders, while pursuing this conciliatory policy, to hold in their followers, but a party congress resolved that a general strike should only be proclaimed if the constitutional status of the provinces was interfered with, a Government Commissioner installed in the Vienna City Hall, or the Social Democratic party and trade unions dissolved. When negotiations broke down, the Government decided to search the Socialist headquarters for arms. They aimed no such search against the Heimwehr, who constantly indulged in open armed parades.

On February 10, 1934, the Socialist Mayor of Vienna was deprived of his local police powers, which were transferred to the Fascist Police President. On the 12th the Socialists at Linz fired on the police who attempted to raid their headquarters. They were acting without instructions from the party authorities. This was the beginning of armed resistance all over the country. Martial law was declared, and the Socialist party declared illegal. Resistance continued. Government troops, police and Fascists attacked every place in which the Socialists took refuge, even shelling the blocks of workers' tenements, and evacuating 1,400 families from one block alone.

Vienna, to quote *The Times*, was "the foremost example of progressive Socialist rule". The Socialists had been in power there for the past fifteen years, having two-thirds of the electorate behind them—and Vienna itself has about a third of the whole population of Austria. The minority has forcibly and unconstitutionally ejected them from office. And we now find the responsible British press describing their resistance as a "revolt."

The result is certainly the most menacing situation in Europe. Austria has become the battle-ground between German and Italian Fascism, with the laurels at present going to Mussolini, who is believed in some quarters to have inspired the action of Prince Starhemberg with his Fascists and Baron Fey, the Vice-Chancellor, in the absence abroad of Dollfuss. Certainly it has forestalled any possible similar attempt by the Nazis, and Italian influence is for the

moment dominant. In face of the three-power declaration from Italy, France and England, the German Government temporarily called off the Nazi propaganda campaign.

In the meantime Signor Suvich has been busy. Last January he visited Vienna, taking the opportunity to have a conversation with the Hungarian Minister. This visit occurred just after the Little Entente Conference in Prague, where important steps were taken to ensure greater economic cooperation between Czechoslovakia, Yugoslavia and Rumania, and just before the political conference of the Little Entente assembled in Zagreb. At that time no definite announcement was made. On February 24, during the German truce, Signor Suvich stopped in Vienna on his way back from Budapest. After this visit a conference in Rome between Hungary, Austria and Italy was announced. The suspicion that a three-party political alliance will result has been categorically denied, and it is maintained that the conference will deal with the problem of closer economic cooperation on the lines laid down by Mussolini's Danubian plan, published last October.

The Balkan Pact, although she succeeded in keeping Bulgaria and Albania from signing, was a blow to Italy. The Little Entente, under its guardian angel, France, has strengthened its bonds. To restore her prestige Italy is attempting to bring a second group into being, in opposition to the Little Entente. She will then negotiate between the two groups and so become mediator in Central Europe. The Little Entente dislikes the idea of an Italian-Austrian-Hungarian alliance as much as the Nazification of Austria, so it remains to be seen whether they can force France to bring sufficient pressure on Italy to prevent the plan from maturing.

THE BALKAN PACT

The world was startled last autumn by the signing of the Greco-Turkish pact for mutual co-operation. This treaty has now grown into the Balkan Pact, which was signed at Athens on February 9 by representatives of Greece, Rumania, Turkey and Yugoslavia. The pact guarantees the security of all their Balkan frontiers. The contracting parties agree to consult together on all questions affecting their interests, and undertake to embark on no political action nor assume any political obligations towards any other Balkan non-signatory without the consent of the other parties. The pact is left open for any other Balkan country to join.

Bulgaria and Albania, although urged to join, have refused, some feel under pressure from Italy. It was early recognised, however, that it would be impossible for a Bulgarian government to join a pact which closed the door to Treaty revision without incurring the wrath of parties on the Right. Bulgaria's chief grievances are her demand for an economic outlet to the Aegean, which was promised her in the Treaty of Neuilly, and the treatment of Bulgarian minorities in Rumania and Yugoslavia. She has refused the Greeks' offer of a free port at Salonika as economically worthless, and demands the free use of the river Maritza and the port of Deleagach. For the minorities she demands the use of the Bulgarian language in schools and churches. Rumania has so far proved more tolerant than Yugoslavia on this point, but now

that Yugoslavia is fostering good relations with Bulgaria these matters may be peacefully settled. Bulgaria answered the invitation to join the Pact saying that she would be unable to join until her disputes with Greece were settled, negotiations for which have been dragging on for years.

Czechoslovakia, not being a Balkan country, did not sign the Pact, but she has given it her blessing. Yugoslavia has been anxious that the Pact should in no way harm her improved relationship with Bulgaria. In December the King and Queen of Bulgaria visited Belgrade. All the sentiments expressed on this occasion do not seem to have been sham. A statement was issued at the end of the visit to the effect that for the creation of intimate relations between the two peoples permanent collaboration was necessary, and that immediate negotiations should be opened for the conclusion of a trade agreement.

RUSSIA

The most significant event of recent months is the new orientation of Soviet foreign policy. What emerges from the official declarations by Stalin, Molotov and Litvinov is (1) that the resignation by the two most aggressive powers of membership of the League has led the Soviet Government to consider joining the collective system; (2) that if that system could guarantee security, as Japan has proved it does not at present, the U.S.S.R. would almost certainly join tomorrow.

If Russia has not joined the League she has co-operated very closely with it, and pointedly refused approval to the Italian plan for revision of its structure. The origin of her new foreign policy is obviously fear of Germany and of Japan. During the last year she has concluded non-aggression pacts with all of her western neighbours, including Persia, Turkey, and Afghanistan, and has strengthened her position in the west by a new treaty with France of political as well as commercial significance. Against Japan, the treaty with the United States has increased her diplomatic strength. Materially she is continually strengthening her position by the building of railroads and the general development of Eastern Siberia.

Success in this policy, backed at home by a bumper harvest and such satisfactory political events as the recent recantation of many prominent followers of Trotsky, has given the Soviet Government a new

courage and self-confidence—a courage seen in the espousal of Dimitrov's cause, and in its recent declarations on the Japanese menace.

U.S.A.

President Roosevelt at the same moment as Stalin was giving a new interpretation of American foreign policy. "The League," he said, "has provided a common meeting-place; it has provided the machinery which serves for international discussion; and in very many practical instances it has helped labour and health and commerce and education, and last but not least, the actual settlement of many disputes, great and small, among nations great and small." In his view "only some ten per cent of the peoples of the world may go along with a leadership which seeks territorial expansion at the expense of neighbours". He gave a new definition of the philosophy of his predecessor, Wilson, when he said that it was the statesmen and not the peoples of the world who were out for "political profit, personal prestige, and national aggrandisement." They handicapped the League from its birth by "seeking their own profit and their own safety first".

The only remedy so far proposed by him is the elimination of weapons of offence, international inspection of armaments, a declaration of non-aggression and of the decision that "the definite policy of the United States from now on is one opposed to armed intervention."

At the same time further evidence of the American intention to "co-operate more openly in the fuller utilisation of the League of Nations machinery than ever before"—to use the President's words—is to be found in the announcement by the American Delegation to the International Labour Conference that it "would unhesitatingly recommend that the U.S. affiliate with the I.L.O., so as to be in a position to be in full collaboration with the other fifty-eight countries that comprise this Organisation."

On the other hand comes the news of the largest programme of American naval construction of the post-war period. There are three alleged reasons for this, namely, unemployment, the international situation in Europe and in Asia, and the approaching naval conference of 1935.

H. R. G. GREAVES.
F. F. GRIGSON.

THE CONTROL OF AGRICULTURAL IMPORTS *by G. T. GARRATT*

It is certain that the next Labour Government will inherit a complicated marketing system covering most of the ordinary farm products. Marketing Boards are already functioning for milk, bacon, and hops. The extension of the scheme to potatoes, meat, eggs and poultry will probably be accomplished during the lifetime of the present Parliament. In each case the basis is a compulsory organisation (though set up originally by the votes of a majority of the producers), and this organisation amongst its other powers has a State-enforced monopoly for marketing primary products. The State therefore has a considerable responsibility for the working of these Boards, and this responsibility is increased by the active part which the Ministry of Health played in persuading farmers to accept them. The most important argu-

ment used was that there would be some control of foreign imports, though the method and extent of this control was not clearly specified. It is unlikely that the farmers would have accepted these schemes without this condition, and it is equally clear that none of these Boards are likely to function successfully in an unrestricted market. Even the Milk Board, which at first sight seems the least dependent on protection, has found it necessary to ask for the control of imported milk products and a loan which is virtually a subsidy.

What would a Labour Government do about these Boards? Although some adverse criticism has come from Labour benches, it is inconceivable that the schemes should be scrapped. This would lead to chaos far worse than before, and completely destroy

the confidence which is slowly returning to the industry. Also these marketing schemes are to some extent Labour's own child, for they are based on ideas worked out by Dr Addison, and others, during the decade after the war. There will be a strong movement, led by the Co-operative Societies, to make England an unrestricted market for food-stuffs. There is, however, no doubt what would be the result. The Boards are necessarily rather slow-moving, cumbersome bodies, and are already having some difficulty in maintaining prices and avoiding bankruptcy. Exposed to a year of unrestrained under-cutting by importers, they would be as helpless as an unarmed cargo-boat against a fleet of submarines. Within two years they would collapse, unless helped by large State subventions, and orderly marketing would be killed for another half-century.

The different methods of controlling food imports become, therefore, a matter of real importance to the Labour movement. We have been told, on the authority of Lord Astor, that Mr Elliott's adoption of the quota system was due to political exigencies, and that he would have preferred almost any other method. This can well be believed. Quotas, involving as they must, perpetual bargaining and re-adjustments, are only suitable to meet a temporary emergency, they are almost useless as a long-term method of stabilising prices. It is impossible to predict the interactions of supply, demand, and prices, and perpetual changes in quota arrangements must lead to irritation and reprisals. The present method of restricting imports by a series of "gentleman's agreements" is also open to other objections. An arrangement, such as has been made for restricting the quantity of chilled meat from the Argentine, places too much power in the hands of the importing houses, which absorb any advantage from better or firmer prices. The actual producer in the Argentine, who is a potential English customer, loses by the quantitative restriction, and gains nothing from the better prices. On the other hand where a better article is produced abroad than at home, as in the case of tank-cured bacon, the restriction of Danish supplies may simply reduce consumption, and the Dane gets a higher price, while the British farmer gets no advantage.

There are many other methods available for controlling imports, and all of them have been tried in different European countries since the war. Complete prohibition has been applied, but the justification has been either political, as in the case of Russia, or more usually the nominal excuse has been the exclusion of some disease—e.g., foot-and-mouth disease, or the Colorado Beetle in potatoes. Actually an economic reason is often suspected. The French accuse us of finding insect pests on their cherries as a reply to their coal embargo.

Tariffs are the normal methods of reducing supplies, duties being either on a specific or an *ad valorem* basis. The former method, though placing a heavier burden on the poorer qualities, is the easiest to collect, and the most commonly employed. Every European country has found it necessary to impose duties on cereals, and nearly every country on sugar and other farm commodities. The object of these tariffs has varied considerably. Apart from raising revenue, they have been applied to maintain a valuable industry, such as beet growing, to help an "unfavourable" trade balance, and to carry on a trade

war, such as was conducted between Poland and Germany between 1926 and 1930. Germany has attempted to revive the sliding scale form of duties on cereals, but this has been difficult to apply in these disturbed times, and at present the Government has a free hand to impose duties which will ensure a "right" price for the home produce.

A powerful weapon, much used since the war, is that of milling regulations. Most European countries have, at some period since 1914, fixed the proportion of imported wheat which may be mixed with domestic grain in the grinding of flour. It was intended to introduce similar legislation in Great Britain, but there are certain technical difficulties owing to the concentration of large-scale milling at the ports. Dr Addison's scheme was abandoned, and was not revived in the Wheat Act of 1932. In countries which are only partly dependent on foreign wheat, this is a very effective form of control which can be made almost prohibitive by slight changes of a technical nature against which it is hard for a foreign power to protest. At times the blending formulas in France and Germany have insisted on the using up of 95 per cent. of domestic wheat. The system seems likely to be extended, and can be worked in with a State monopoly of imports.

Several countries have endeavoured to relieve the home market by encouraging export. A method used by Germany, France, and Czecho-Slovakia is the issuing of import bonds to exporters of certain products. In Germany this was extended, in 1930, from all corn crops to pigs, and then to cattle and sheep. These bonds are transferable, and their value approximates to the lowest rate of import duty. They are usually sold, and thus act as a direct subsidy to the producer. Other countries grant direct bounties, and most of the Eastern European States, like Poland, Rumania, and Yugoslavia have used these extensively during the last five years. The bounties are generally given to some State controlled exporting company.

The last method which needs examination, and has a special interest to the Labour Party, is that of import monopolies. Although the English Labour Party has shown a certain shyness in adopting this policy, it is a natural and possibly inevitable feature of State Socialism, and has been formally accepted as part of their agricultural programme. Monopolies for cereals were common during the war, but chiefly in order to ensure supplies, rather than as protective or economic measures. In most cases where import monopolies have been tried since the war, they have been combined with crop monopolies.

A single State controlled organisation has bought the whole home produce and been granted an import monopoly. This system was tried in Switzerland till 1926, but ran at a considerable loss and was abandoned. A modified form of control through milling regulations was adopted in 1929. The Government has, however, started a butter import monopoly in 1932. Norway had a wheat and flour monopoly system from 1914 to 1927, and this was reconstituted in 1929. Sweden introduced a system of grain control in 1929, which was converted into a monopoly in 1931. Similar monopolies for grain exist in Lithuania, and Latvia. Germany instituted a maize monopoly: chiefly, it would seem, to raise the price of imported maize without using a tariff, as this was prohibited

by a commercial treaty with certain exporting countries. It is difficult to estimate the effect of these monopolies, as it is not always clear what object they were supposed to achieve. Many have had the effect of subsidising the producer at the expense of the tax-payer—that is to say the monopoly has been run deliberately at a loss, until the tax-payer has effectively objected. In Eastern Europe they probably represent a phase in the struggle between peasant and townsman. They provide us with little evidence as to the probable working of an import board in England. The fact that they have generally shown a loss in their working is hardly relevant, for the loss has been due to the buying up of the home produce at a slightly higher rate than was justified. Norway is about the only country where a monopoly has been run long enough, and under sufficiently normal conditions to provide any evidence, and here it would seem that (1) the monopoly did lead to stabilised prices, and (2) worked without much friction, but in a country with a large agricultural population the Board was exposed to considerable political pressure to keep up the internal price, or to lose money over its home-buying operations.

This survey suggests that almost every country has now completely abandoned free trade in agricultural produce, even as an ideal, and that there is little hope of any return to such a system. All countries which export have now become used to having their trade checked by complicated obstructions of all kinds, so that many of the old arguments against British control of imports have lost their significance. The "political" objections to import boards with monopoly powers can be disregarded. They would involve no greater strain on international relations than any of the other strange methods employed by every civilised Power since 1914. The question should be examined from a purely nationalist point of view, and commodity by commodity. In some cases, and the writer is inclined to think this is true of wheat, it might be sufficient to control the millers, or those engaged in secondary processes, while restricting by tariffs the import of flour. In others it might be better to rely on State purchases through the monopolistic import Boards. For semi-luxury articles, like flowers, a tariff is almost certainly the easiest and most effective weapon. This is the kind of question which might be investigated by the Labour Party.

POLITICS OF OIL by H. L. BEALES

The war of 1914-18 left us all jumpy about oil. We saw how big a part oil had to play in mechanised warfare, and we began to wonder how far our command of supplies was adequate. The rapid development of the petrol engine for peace as well as war purposes kept us alert to the oil question. We read, with a shudder of apprehension, the post-war oil literature—Delaisi, Davenport and Cooke, Louis Fischer, Denny and the rest; we listened to speeches about oil imperialism; we began to take an intimate interest in the fortunes of Anglo-Persian and Royal Dutch, and to see in Deterding a strong, silent super-man, heroic or sinister to taste; we raised few questions, if any, about government participation in the form of Treasury shares in the oil industry. The next war, we were assured, would issue from the oil-imperialism of the great powers. The United States, commanding an adequate supply for the present, would exhaust her supplies in the measurable future: Great Britain, inadequately supplied in the present, must bend her resources to the acquisition of oil fields, old or new, or to the solution of technical problems which would render her coalfields a main source of supply. The socialist had in this matter to long for permanent international agreements which would equate demand and supply and be free of nationalist political considerations. But he was not thereby exempt from concern at the more clamorous demands of oil-security.

What is the situation at the present time? Is there still the same situation? Is the oil war round the next corner, or the next but one?

There are new factors in the oil situation. New sources of supply have been opened, and these new sources come from new oilfields, from the better development of previously worked oilfields, and from technological progress that begins to yield or to promise important quantitative results.

A few years ago expensive oil-drilling operations

were launched in this country. That experiment serves both to recall the feverish scramble for oil and the exploitation methods then available. There has been considerable progress since that day in the methods of prospecting. Even the layman can understand, at any rate in outline, the description of the geophysical methods given in J. W. Williamson's *In a Persian Oilfield* (1930); the essential point about this new prospecting technique is that it eliminates the very heavy losses inseparable from the cruder methods employed before. There is nowadays a trained and adequately equipped personnel available for work anywhere, and they can report with reasonable certainty upon any proposition. There is a similar progress in the technique of well-sinking—greater depths can be more quickly and cheaply attained—and of well-exploitation. Even a few years ago wells were abandoned as exhausted which would with present-day methods be kept in production; such wells indeed have often been brought into production again. There has been a further marked advance in the efficiency of the processes of refinement, and natural gas which (recalling the early history of the coke industry) was before allowed to escape into the air is now consumed productively.

This technical progress is, it may be assumed, not yet complete, but already it has advanced far enough to dissipate some of the grosser fears, economic and political, that have given the subject of oil so prominent a place among our worries in recent years. Considerable economies have also taken place in the use of fuel. A further reduction in possible consumption has followed in many countries from the compulsory mixing of alcohol with petrol at the behest of agricultural interests. The often-expressed fear of oil-exhaustion has thus acquired as unreal a character as similar fears, Jevons's and others', of the exhaustion of English coal supplies since the sixties of the last century. This is the more striking since the consumption of oil has steadily increased.

TABLE 21
Petroleum Production

	MILLIONS OF METRIC TONS			
	1923	1929	1931	1932
U.S.A.	100	138	117	107
Mexico	23	7	5	5
South America	2	26	23	23
U.S.S.R.	6	14	22	21
Rumania	1.5	4.8	6.8	7.3
Persia	3.8	5.5	5.8	6.5
Dutch East Indies	2.8	5.2	4.7	5.1
India	1.2	1.2	1.2	—
World*	142	206	189	180

*The world total includes that for other countries such as Poland, for which separate returns are not here given.

In 1919 the U.S.A. consumed 872,700,000 barrels; in 1921, when the number of motor-cars in use in the U.S.A. had reached the figure of ten millions, the consumption was 458,400,000 barrels; in 1929 it had reached the figure of 939,700,000 barrels. No wonder a Federal Oil Conservation Board had been established (in 1924), with the departments of the Interior, Commerce, War and the Navy represented on it; no wonder the American public was alarmed at the oil-acquisitiveness of Great Britain; no wonder there was a reaching out towards new units of production in Mexico and South America. As the American Petroleum Institute estimated American reserves in 1925 at only some 700,000,000 tons (a rough ratio between metric tons and barrels is 7 barrels to the ton), the position looked ominous enough. It may be that the American crisis, slowing down the expansion of the automobile industry and the consumption of oil in consequence, is in the last analysis something of a blessing in disguise. But there is really no justification for such distant views. The simple fact is that the bogey of the exhaustion of American oil supplies has been laid to rest—the more so as it is not unreasonable to suppose that some sort of saturation point will some day be reached in the consumption of automobiles, when a less rapidly expanding, or even a stationary demand can be envisaged.

It is true, of course, that Mexican production has fallen from 26 million tons in 1921 to about a quarter of that output, but political reasons are the main factor there rather than any exhaustion of supplies. And in any case the South American production has advanced. In 1920 the output from Venezuela and Columbia was negligible; by 1929 it had reached the figure of 26½ million tons, and further expansion is attainable rapidly if market conditions warrant the capital outlay. There may be a sharp conflict between the English and American companies interested in these regions, but that would provide no special reason for political embroilments.

There are other regions whose production must be considered. The Persian output was quadrupled in the ten years after the War and attained a figure of 5½ million tons in 1929. It seems to be established that the Persian resources are rich enough to bear a considerably enlarged extraction: presumably that would follow upon a removal of political reasons for ca' canny in production and the attainment of a suitable market situation. The Rumanian output has shot up to 5½ million tons (1930), and about the same output is recorded in the Dutch East Indies. But while the Rumanian industry has recovered from its war time misadventures, market conditions have been

such that a restriction policy has been attempted, even though exports from Rumania reached the figure in 1930 of 3½ million tons.

There remains the Soviet production, organised on lines entirely different from that of other areas. No English or other capitalistic trust can lay a hand on it, either for restriction or for any other purpose. It can pursue a policy which is entirely rational because political and economic considerations cannot diverge and must remain identified. The War and its *sequelae* wiped out the Russian oil industry temporarily. But when events had determined that neither German nor British should take possession of the Soviet oilfields in the Caucasus, production could begin again, and its potentialities are considerable, though Grinko's estimate of Russian resources as 87% of the world's resources may be over-optimistic. At all events, whatever was contemplated in the more secret corridors of commercial diplomacy, the Soviet authorities invested their resources heavily in their oil industry and advanced confidently to the penetration of foreign markets as well as to the supply of their own home demands. By 1928 the highest Tsarist output was exceeded, and in 1930 a production of 18 million tons and an export of 4½ million tons were attained.

Not being subject in the same ways to the world depression as other countries, the Soviet Union can envisage a further expansion. Its internal market cannot know saturation conditions for many a year to come—unless some sort of *bouleversement* be imagined to bring U.S.S.R. into the orbit of capitalistic restraints—and its export situation, though difficult, can scarcely become impossible. The co-ordination under unified direction of the various branches of the industry in U.S.S.R. must, one would think, give it some advantage in production costs over the oil industries of other countries; and other advantages may be valuable, also, such as the lower industrial friction of the Soviet economy, the up-to-date equipment (presumably the lack of skilled operatives gets less expensive as the years pass), the vigorous research and even the workers' skilfully manipulated enthusiasm.

The planned production for 1933 in U.S.S.R. was 48.4 million tons, and for 1937 an output of 125 to 130 million tons was contemplated, but this figure under the second Five Year Plan has been reduced to 75 million tons. The experience of 1931 may have led to this revision. A production of 22.3 million tons was reached, but this was some 15% below the Plan figure. It seems reasonably clear that there may be sharp competition in external markets between Soviet oil and that of other producers, especially that of Royal-Dutch-Shell in the European market, but no rational reason for regarding that competition in political terms exists. It may be necessary as an incident in that competition to make the consumer pay through the nose for his petrol, or to let him have it cheap, but no one need have nightmares (whatever press campaigns may emerge) about the political ramifications of the oil business. Market considerations have become the dominant considerations: the politics have gone out of oil.

No one would care to prophesy that only rational economic considerations will govern the oil situation of the immediate future. The agreement between

Soviet producers and British interests reached in 1929 may break down, but, short of some unexpected change in the demand for petrol, ought not to. The present stage of the oil industry is one of production-restriction, and where such a stage has been reached, only considerations of a non-political kind should enter. In a world of socialist states agreement would be easy because financial considerations would not be paramount and the intrusion of political considerations would not arise. Further, commercial influences would not be able to give a false account of the situa-

tion because scientific experts, able to estimate the probable lines of development and the productive potentialities of technological change, would be important contributors to the making of production policy. Seen in the light of the present situation where supplies have become adequate, the feverish oil politics of past years can be regarded as an unnecessary disturber of the harmony of the nations. Competitive pressure in oil markets can be looked for from U.S.S.R., but hysterics on that account will scarcely be justifiable.

WORK OF THE NEW FABIAN RESEARCH BUREAU

RESEARCH WORK IN PROGRESS

The Bureau exists primarily for the carrying out of research work. As will be seen from the list of subjects now being investigated the scope of its work is very wide. All offers of assistance in research are very welcome. For a large amount of work still remains to be done if the Labour Movement is to be fitted for power. Whilst help is needed in all fields, it is urgently required in the preparation of socialisation schemes for important industries not included in the list below. These socialisation studies should include (a) a thorough description of the industry as at present organised, and (b) proposals as to the best form of socialisation. It is therefore essential that research workers should have a fairly wide acquaintance with any industry they propose to investigate.

The work of the Bureau is divided between four sections, Economic, Political, International and Social Services. In the following list the work in hand is arranged under these heads.

I ECONOMIC SECTION

1 Socialisation of Industries

- (a) Gas
- (b) Electrical manufacturing
- (c) Anthracite
- (d) Motor industry
- (e) Cotton trade
- (f) Food distribution
- (g) Insurance
- (h) Armaments

2 Agriculture

- (a) Land Utilisation
- (b) Marketing Boards, Import Control, etc.
- (c) Agricultural Credits
- (d) Social questions

3 Nationalisation of Land

Preliminary inquiries are being made on historical, legal and financial points

4 Financial Policy

- (a) Budgetary position and problems of an incoming Socialist Government
- (b) Foreign Trade aspects of Money
- (c) Foreign Exchange policy of a Socialist Government
- (d) A standardised system of Cost Accounting

(e) A critical description of the Discount Market

- 5 Co-ordination and Socialisation of Transport
- 6 Territorial Planning Machinery
- 7 Public Utility Companies (a critical description)
- 8 War-Time Regulation of Industry

An inquiry as to applicability to the problems of a Socialist Government

9 Water Grid

A criticism of recent proposals

II POLITICAL SECTION

- 1 Electoral Methods
- 2 Parliamentary Procedure
- 3 Devolution
- 4 The Second Chamber

- (a) The case against the House of Lords
- (b) Ought there to be a Second Chamber?

If so, what?

- 5 Relation of the Cabinet to the Crown and of the Prime Minister to his Colleagues, etc.
- 6 The Press and Public Opinion
- 7 Company Law
- 8 Legal Reform

III INTERNATIONAL SECTION

1 Territorial Treaty Revision

- An inquiry into demands for revision in Europe
- (a) The Polish Corridor
- (b) South Jutland
- (c) Memel Territory

2 The Prevention of War—Sanctions under the Covenant and Labour Party Policy

- 3 International Control of Raw Materials
- 4 A Study of Foreign Loans

IV SOCIAL SERVICES SECTION

1 Local Government

- (a) Housing
- (b) An Enabling Bill
- (c) Municipal Finance
- (d) Relation of Municipal Trading to Co-operative Trading, etc.

2 Education

- (a) An Educational Policy for the Labour Party

PUBLICATIONS

A full list of the Bureau's publications will be found at the end of the *Quarterly*. During the past twelve months some ten pamphlets have been issued. The volume of work in hand suggests that a similar number will be published during the ensuing year. Subjects on which they are likely to appear in the near future include *The Reform of Parliamentary Procedure*, *The Case Against the House of Lords*, *The Prevention of War* and *The Relation of Territorial Planning and Transport to Housing*. The pamphlet on Parliamentary procedure will be of particular interest in view of current criticisms of parliamentary government. Other publications will include a collection of *Studies in Capital and Investment* and the first two numbers of a Socialisation series (*Iron and Steel* and *Electrical Supply*).

Among the earlier pamphlets produced by the Bureau were G. D. H. Cole's *Essentials of Socialisation* and G. R. Mitchison's *Industrial Compensation*. These deal very thoroughly with the difficult problems associated with the transference of industry from private to public ownership, while *Workers' Control and Self-Government in Industry* discusses the future organisation of socialised industry. In his *Relations of Central and Local Government* W. A. Robson investigates the danger of a highly centralised bureaucracy and other administrative difficulties which must be faced in the near future.

In *The Control of Investment* Colin Clark deals with the financing of socialised industry and the distribution of national savings between the various social services and industry. This exposition of the National Investment Board has been followed by a further unpublished memorandum, which is available for reference in the office. E. F. M. Durbin's *Socialist Credit Policy* includes a clear and complete refutation of the theories of Major Douglas, besides expounding the main differences between Tory credit policy and that of Socialism, while *Taxation under Capitalism* provides statistics on taxation in this country which should be very useful to Socialists in political controversy.

Public Works in their International Aspect (J. E. Meade) and *An International Monetary Agreement* (P. W. Martin) both elucidate serious problems which have been brought to the fore by the slump. It is doubtful whether anything better has been published on British colonial policy than *The Protection of Colonial Peoples*. This study is to be followed by a further pamphlet developing a constructive colonial policy for the future. In *The Parliamentary Control of Foreign Affairs* H. R. G. Greaves puts forward proposals for bringing foreign policy under the control of the House of Commons and discusses foreign experience. *The Revision of Treaties* elaborates the necessary machinery which is required for bringing about peaceful international changes, both of a territorial character and otherwise.

A Ministry of Justice seeks to bring together and examine all the relevant evidence on the reform of legal administration which has long been discussed in legal circles. *The Law of Public Meeting and the Right of Police Search* includes in its examination of the present legal position a criticism of the recent judgment given in the High Court by Justice

Horridge, in the case of *Elias v. Pasmore*, which arose out of the confiscation of goods and trespass by the police in the premises of the National Unemployed Workers' Movement. The pamphlet was prepared by members of the Bar and covers all the relevant points on which organisers of meetings, both indoor and open air, should be informed.

The Bureau has also published *If We Want Peace* by H. N. Brailsford (Hogarth Press), and *Twelve Studies in Soviet Russia* (Victor Gollancz, Ltd). The first examines the problem of the continued existence of the League of Nations as an effective weapon for preserving world peace, while the second contains essays by a group of experts sent to the Soviet Union to study conditions at first hand.

LIST OF COMPLETED MEMORANDA

In addition to the Bureau's published work there are a large number of finished studies which are available for consultation in the office. The following list contains the most important of these :

I ECONOMIC SECTION

Socialisation of Industry

- *(a) The Socialisation of the Electrical Supply Industry (T. G. N. Haldane)
- *(b) The Socialisation of Iron and Steel
- (c) Notes on the preparation of a Plan for the Socialisation of Particular Industries (G. D. H. Cole)
- (d) Notes on the Socialisation of Foreign Trade (D. Barber)
- †(e) The Evolution of the Joint Stock Enterprise (G. D. H. Cole)
- (f) An Analysis of Coal Production and Consumption 1918-1931
- †(g) Building Societies and Socialism (E. S. Watkins)
- †(h) The Failure of Economic Individualism (H. D. Dickinson)
- (i) Railway Traffic Statistics of Tonnage, Passengers and Receipts over a Period of Years (G. Walker)

Financial Policy

- (a) Industrial Compensation—a Memorandum submitted by a Committee of the Bureau to Labour Party Policy Committee
- †(b) Insurance Companies and Investment Trusts (F. Williams)
- (c) The Problems of Foreign Exchange Control (E. A. Radice)
- †(d) An Analysis of Recent Capital Issues 1927-1933
- †(e) The State and Investment (E. A. Radice)
- (f) The National Investment Board (G. R. Mitchison)
- †(g) An Analysis of Foreign Investments (E. Davies)
- (h) The Market Rate of Interest (J. E. Meade)
- (i) Price Formation and Economic Planning in a Socialist Community (H. D. Dickinson)
- (j) Socialism and Wage Policy (H. Gaitskell)

Planning

- (a) Memorandum on the Principles of Socialist Planning (E. F. M. Durbin)
- (b) The Geographical Aspects of Planning (M. I. Michaels)
- (c) A Clearing House for Scientific Research (G. W. Thomson and N. H. Moller)

II POLITICAL SECTION

- (a) Report on Patents (Haldane Club)
- (b) The Civil Service (N. K. Smellie)
- (c) Parliamentary Procedure (W. I. Jennings)

III INTERNATIONAL SECTION

The Prevention of War, or Labour and the League of Nations (H. R. G. Greaves)

IV SOCIAL SERVICES SECTION*Local Government*

The relation of Co-operative and Municipal Trading (The Horace Plunkett Foundation).

Education

- (a) A Programme of Educational Legislation (Morgan Jones)
- (b) Practical Steps Towards a Unified Primary and Secondary System of Education (B. Drake)
- (c) Educational Expenditure Over a Period of Years (B. Drake)
- (d) Can We Afford Not to Pay? (H. L. Elvin) being Chap. 4 of a pamphlet on Educational Costs and New Values in Education

CONFERENCES

Two successful week-end conferences have been held during the winter. The first took place at Maidstone on November 4-5 on "Some Aspects of Socialist Planning," and the second at Oxford on December 9-10 on "Municipal Affairs (Planned Development under Local Authorities)". Reports on the proceedings have been issued to members.

During February two meetings were organised by the International Section of the Bureau at the House of Commons on "The Labour Party's Foreign Policy in the Immediate Future". They were widely attended and interesting discussions took place.

In the near future meetings are to be arranged in London to discuss various memoranda which have been completed or are nearing completion. These will mostly belong to the socialisation of industry series. These meetings are intended primarily for specialists. Subjects which are likely to be discussed

* These are to be published by Victor Gollancz in a special 'Socialisation' Series, which will be added to from time to time.

† These are to be published together by Victor Gollancz in a collection of essays.

in the near future include a National Investment Board, the Electrical Supply Industry and the Iron and Steel Industry. It is hoped to hold other conferences of a more general character in the early summer.

LOCAL GOVERNMENT NOTES

The Bureau has recently set up a Local Government Committee for the purpose of collecting material and working out policies which will be useful to the Labour Movement throughout the country. A number of memoranda are in preparation on such subjects as a Local Government Enabling Bill, a critical analysis of Local Government Finance and the relations of Co-operative and Municipal Trading.

The co-operation of all members of the Labour Movement interested in local government is invited. It is intended to include a section on Local Government Notes in subsequent issues of the *Quarterly* so that people may keep in touch with the Bureau's work on this subject. Further details concerning these activities can be obtained from the office.

RECOMMENDED BOOKS OF THE QUARTER

In future issues of the *Quarterly* there will be short three or four line reviews of books recommended.

Economic

Berley, Adolph A. & Means, G. C. **THE MODERN CORPORATION AND PRIVATE PROPERTY** (Macmillan. New York. pp. 396)

Durbin, E. F. M. **SOCIALIST CREDIT POLICY** (Gollancz 1s)

Gregory, Sir J and others. **ECONOMIC ESSAYS IN HONOUR OF GUSTAV KASSEL** (Allen & Unwin 30s)

Jewkes, John & Winterbottom, Allan **AN INDUSTRIAL SURVEY OF CUMBERLAND AND FURNESS** (Manchester University Press 6s)

Meade, J. E. **THE RATE OF INTEREST IN A PROGRESSIVE STATE** (Macmillan pp. 115 7s. 6d)

Stevenson, E. F. **UNEMPLOYMENT RELIEF: THE BASIC PROBLEM** (Allen & Unwin pp. 284 6s)

Wootton, Barbara **PLAN OR NO PLAN** (Gollancz pp. 352 5s)

Political

Charques, R. D. & Ewen, A. H. **PROFITS AND POLITICS IN THE POST-WAR WORLD. An Economic Survey of Contemporary History** (Gollancz pp. 288 5s)

Finer, Herman **ENGLISH LOCAL GOVERNMENT** (Methuen 21s)

Bonn, M. J. **THE AMERICAN EXPERIMENT. A Study of Bourgeois Civilisation.** Translated by Mabel Brailsford (Allen & Unwin pp. 308 10s 6d)

Lindley, E. K. **THE ROOSEVELT REVOLUTION** (Gollancz pp. 287 5s)

Smorgoenski, C. **POLAND'S ACCESS TO THE SEA** (Allen & Unwin pp. 448 19 maps 16s)